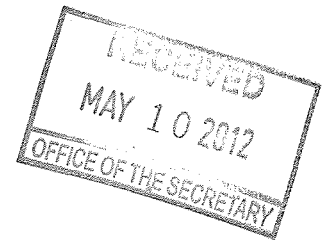


UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION



SECURITIES ACT OF 1933
Release No. 9313 / April 16, 2012

SECURITIES EXCHANGE ACT OF 1934
Release No. 66815/ April 16, 2012

INVESTMENT COMPANY ACT OF 1940
Release No. 30034/ April 16, 2012

ADMINISTRATIVE PROCEEDING
File No. 3-14848



In the Matter of

optionsXpress, Inc.,
Thomas E. Stern, and
Jonathan I. Feldman,

Respondents.

ANSWER OF RESPONDENT
JONATHAN I. FELDMAN

ANSWER

Respondent Jonathan I. Feldman (the "Respondent"), by his attorneys, answers the Securities and Exchange Commission's (the "Commission") Order Instituting Administrative and Cease-And-Desist Proceedings (the "Order") as follows:

A. Summary

1. Respondent denies the allegations in Paragraph 1 of the Order as they relate to him. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the remaining allegations contained in Paragraph 1 of the Order and therefore denies those allegations.

2. Denied.

3. Respondent denies the allegations in Paragraph 3 of the Order as they relate to him. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the remaining allegations contained in Paragraph 3 of the Order and therefore denies those allegations.

4. Respondent denies the allegations in Paragraph 4 of the Order as they relate to him. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the remaining allegations contained in Paragraph 4 of the Order and therefore denies those allegations.

5. Respondent denies the allegations in Paragraph 5 of the Order as they relate to him. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the remaining allegations contained in Paragraph 5 of the Order and therefore denies those allegations.

6. Respondent denies that he engaged in any "sham reset transactions." Respondent does not have, and is unable to obtain, sufficient information to admit or deny the remaining allegations contained in Paragraph 6 of the Order and therefore denies those allegations.

7. The allegations in Paragraph 7 are ambiguous and thus Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations in Paragraph 7 of the Order and therefore denies those allegations.

B. Respondents

8. Admit.

9. Admit

10. Respondent admits that he is 56 years old and a resident of Baltimore, Maryland. Respondent admits that he is Senior Vice President at a regional savings bank. Respondent denies the remaining allegations in Paragraph 10 of the Order.

C. Regulation SHO

11. Admit.

12. Admit.

13. Admit.

14. Admit.

15. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 15 of the Order and therefore denies those allegations.

16. Admit.

17. Admit.

18. Admit.

19. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 19 of the Order and therefore denies those allegations.

20. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 20 of the Order and therefore denies those allegations.

D. Allegations

21. Respondent admits that he engaged in reverse conversions strategies while he was a customer at optionsXpress. Respondent does not have, and is unable to obtain, sufficient

information to admit or deny the remaining allegations contained in Paragraph 21 of the Order and therefore denies those allegations.

22. For reverse conversions, Respondent admits that he simultaneously entered into the sale of a put and purchase of a call with identical strike prices and expiration dates creating a synthetic long position while selling securities short to hedge the synthetic long. Respondent denies the remaining allegations in Paragraph 22 of the Order as they relate to him. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the remaining allegations contained in Paragraph 22 of the Order and therefore denies those allegations.

23. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 23 of the Order and therefore denies those allegations.

24. Respondent denies the allegations in Paragraph 24 of the Order as they relate to him. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the remaining allegations contained in Paragraph 24 of the Order and therefore denies those allegations.

25. Respondent denies the allegations in Paragraph 25 of the Order as they relate to him. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the remaining allegations contained in Paragraph 25 of the Order and therefore denies those allegations.

26. Respondent denies the allegations in Paragraph 26 of the Order as they relate to him. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the remaining allegations contained in Paragraph 26 of the Order and therefore denies those allegations.

27. Respondent denies the allegations in Paragraph 27 of the Order as they relate to him. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the remaining allegations contained in Paragraph 27 of the Order and therefore denies those allegations.

28. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 28 of the Order and therefore denies those allegations.

29. Respondent denies the allegations in Paragraph 29 of the Order as they relate to him. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the remaining allegations contained in Paragraph 29 of the Order and therefore denies those allegations.

30. Respondent denies the allegations in Paragraph 30 of the Order as they relate to him. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the remaining allegations contained in Paragraph 30 of the Order and therefore denies those allegations.

31. Respondent denies the allegations in Paragraph 31 of the Order as they relate to him. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the remaining allegations contained in Paragraph 31 of the Order and therefore denies those allegations.

32. Respondent denies the allegations in Paragraph 32 of the Order as they relate to him. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the remaining allegations contained in Paragraph 32 of the Order and therefore denies those allegations.

33. Respondent denies the allegations in Paragraph 33 of the Order as they relate to him. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the remaining allegations contained in Paragraph 33 of the Order and therefore denies those allegations.

34. Respondent admits that some trading strategies he engaged in at optionsXpress were profitable and that he paid commissions to optionsXpress. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the remaining allegations contained in Paragraph 34 of the Order and therefore denies those allegations.

35. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 35 of the Order and therefore denies those allegations.

36. Respondent denies the allegations in Paragraph 36 of the Order as they relate to him. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the remaining allegations contained in Paragraph 36 of the Order and therefore denies those allegations.

37. Respondent denies the allegations in Paragraph 37 of the Order as they relate to him. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the remaining allegations contained in Paragraph 37 of the Order and therefore denies those allegations.

38. Respondent denies the allegations in Paragraph 38 of the Order as they relate to him. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the remaining allegations contained in Paragraph 38 of the Order and therefore denies those allegations.

39. Respondent denies the allegations in Paragraph 39 of the Order as they relate to him. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the remaining allegations contained in Paragraph 39 of the Order and therefore denies those allegations.

40. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 40 of the Order and therefore denies those allegations.

41. Respondent admits entering into purchases and sales of equity securities and options on those equity securities for the issuers listed in Paragraph 44 (but not all of 41) of the Order, and these transactions included what are known as buy-writes. Respondent denies the remaining allegations in Paragraph 41 of the Order as they relate to him. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the remaining allegations contained in Paragraph 41 of the Order and therefore denies those allegations.

42. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 42 of the Order and therefore denies those allegations.

43. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 43 of the Order and therefore denies those allegations.

44. Respondent admits entering into purchases and sales of equity securities and options on those equity securities for the issuers listed in Paragraph 44 of the Order during the timeframe indicated, and these transactions included what are known as buy-writes. Respondent denies the remaining allegations in Paragraph 44 of the Order as they relate to him. Respondent

does not have, and is unable to obtain, sufficient information to admit or deny the remaining allegations contained in Paragraph 44 of the Order and therefore denies those allegations.

45. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 45 of the Order and therefore denies those allegations.

46. The allegations in Paragraph 46 are ambiguous and thus Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations in Paragraph 46 of the Order and therefore denies those allegations.

47. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 47 of the Order and therefore denies those allegations.

48. Respondent denies that the trading in *In the Matter of Scott H. Arenstein and SBA Trading, LLC* and *In the Matter of Brian A. Arenstein and ALA Trading, LLC* was similar to Respondent's trading. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the remaining allegations contained in Paragraph 48 of the Order and therefore denies those allegations.

49. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 49 of the Order and therefore denies those allegations.

50. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 50 of the Order and therefore denies those allegations.

51. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 51 of the Order and therefore denies those allegations.

52. Admit.

53. Admit.

54. Respondent admits that the SEC brought settled enforcement actions in *In the Matter of Hazan Capital Management, LLC and Steven M. Hazan* and *In the Matter of TJM Proprietary Trading, LLC, Michael R. Benson, and John T. Burke*. Respondent denies that the trading in the *Hazan* and *TJM* matters was similar to Respondent's trading or that he violated Rule 203. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the remaining allegations contained in Paragraph 54 of the Order and therefore denies those allegations.

55. Respondent admits that the SEC brought settled enforcement actions against entities for Reg. SHO violations in *In the Matter of Rhino Trading, Fat Squirrel Trading Group, Damon Rein, and Steven Peter*. Respondent denies that the trading in *Rhino Trading* was similar to Respondent's trading or that he violated Reg. SHO. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the remaining allegations contained in Paragraph 55 of the Order and therefore denies those allegations.

56. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 56 of the Order and therefore denies those allegations.

57. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 57 of the Order and therefore denies those allegations.

58. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 58 of the Order and therefore denies those allegations.

59. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 59 of the Order and therefore denies those allegations.

60. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 60 of the Order and therefore denies those allegations.

61. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 61 of the Order and therefore denies those allegations.

62. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 62 of the Order and therefore denies those allegations.

63. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 63 of the Order and therefore denies those allegations.

64. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 64 of the Order and therefore denies those allegations.

65. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 65 of the Order and therefore denies those allegations.

66. Respondent admits that the SEC brought settled enforcement actions in *Hazan* and *TJM*. Respondent did not learn of those settled actions until September 23, 2009. Respondent admits that the language quoted in Paragraph 66 of the Order was included in a communication involving Respondent. Respondent notes, however, that the quoted language in Paragraph 66 omits material portions or context of the communications necessary to make the quoted portions not misleading, and therefore it is denied to that extent.

67. Respondent admits that the language quoted in Paragraph 67 of the Order was included in a communication involving Respondent. Respondent notes, however, that the quoted language in Paragraph 67 omits material portions or context of the communications necessary to make the quoted portions not misleading, and therefore it is denied to that extent.

68. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 68 of the Order and therefore denies those allegations.

69. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 69 of the Order and therefore denies those allegations.

70. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 70 of the Order and therefore denies those allegations.

71. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 71 of the Order and therefore denies those allegations.

72. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 72 of the Order and therefore denies those allegations.

73. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 73 of the Order and therefore denies those allegations.

74. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 74 of the Order and therefore denies those allegations.

75. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 75 of the Order and therefore denies those allegations.

76. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 76 of the Order and therefore denies those allegations.

77. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 77 of the Order and therefore denies those allegations.

78. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 78 of the Order and therefore denies those allegations.

79. Respondent admits that an optionsXpress representative forwarded him copies of Rule 204. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the remaining allegations contained in Paragraph 79 of the Order and therefore denies those allegations.

80. Respondent admits that the language quoted in Paragraph 80 of the Order was included in a communication involving Respondent. Respondent notes, however, that the quoted language in Paragraph 80 omits material portions or context of the communications necessary to make the quoted portions not misleading, and therefore it is denied to that extent.

81. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 81 of the Order and therefore denies those allegations.

82. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 82 of the Order and therefore denies those allegations.

83. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 83 of the Order and therefore denies those allegations.

84. Respondent admits that the language quoted in Paragraph 84 of the Order was included in a communication involving Respondent. Respondent notes, however, that the quoted language in Paragraph 84 omits material portions or context of the communications necessary to make the quoted portions not misleading, and therefore it is denied to that extent. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the remaining allegations contained in Paragraph 84 of the Order and therefore denies those allegations.

85. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 85 of the Order and therefore denies those allegations.

86. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 86 of the Order and therefore denies those allegations.

87. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 87 of the Order and therefore denies those allegations.

88. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 88 of the Order and therefore denies those allegations.

89. Denied.

90. Respondent admits being informed by representatives of optionsXpress that his trading was being reviewed by the SEC. Respondent admits representatives of optionsXpress conveyed for the first time optionsXpress's concern that the SEC might disapprove of trading strategies and potentially force an unwinding of positions on short notice. Within days,

optionsXpress confirmed that the SEC approved of the trading. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the remaining allegations contained in Paragraph 90 of the Order and therefore denies those allegations.

91. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 91 of the Order and therefore denies those allegations.

92. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 92 of the Order and therefore denies those allegations.

93. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 93 of the Order and therefore denies those allegations.

94. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 94 of the Order and therefore denies those allegations.

95. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 95 of the Order and therefore denies those allegations.

96. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 96 of the Order and therefore denies those allegations.

97. Admitted.

98. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 98 of the Order and therefore denies those allegations.

99. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 99 of the Order and therefore denies those allegations.

100. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 100 of the Order and therefore denies those allegations.

101. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 101 of the Order and therefore denies those allegations.

102. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 101 of the Order and therefore denies those allegations.

103. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 103 of the Order and therefore denies those allegations.

104. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 104 of the Order and therefore denies those allegations.

105. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 105 of the Order and therefore denies those allegations.

106. Respondent admits that he transferred part of his holdings from optionsXpress to another broker-dealer based in part on the referral of an individual identifying himself as a “liquidity provider.” Respondent denies that he negotiated a deal with a floor broker concerning lower costs. Respondent admits that the liquidity provider gave Respondent indications of likely costs. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the remaining allegations contained in Paragraph 106 of the Order and therefore denies those allegations.

107. Respondent admits that he voluntarily transferred his positions back to optionsXpress. Respondent denies the remaining allegations in Paragraph 107 of the Order.

108. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 108 of the Order and therefore denies those allegations.

109. Respondent admits that the language quoted in Paragraph 109 of the Order was included in a communication involving Respondent. Respondent notes, however, that the quoted language in Paragraph 109 omits material portions or context of the communications necessary to make the quoted portions not misleading, and therefore it is denied to that extent. Respondent denies the remaining allegations in Paragraph 109 of the Order.

110. Respondent admits that the language quoted in Paragraph 110 of the Order was included in a communication involving Respondent. Respondent notes, however, that the quoted

language in Paragraph 110 omits material portions or context of the communications necessary to make the quoted portions not misleading, and therefore it is denied to that extent.

111. Respondent admits that the language quoted in Paragraph 111 of the Order was included in a communication involving Respondent. Respondent notes, however, that the quoted language in Paragraph 111 omits material portions or context of the communications necessary to make the quoted portions not misleading, and therefore it is denied to that extent.

112. Respondent admits that the language quoted in Paragraph 112 of the Order was included in a communication involving Respondent. Respondent notes, however, that the quoted language in Paragraph 112 omits material portions or context of the communications necessary to make the quoted portions not misleading, and therefore it is denied to that extent.

113. Respondent admits that the language quoted in Paragraph 113 of the Order was included in a communication involving Respondent. Respondent notes, however, that the quoted language in Paragraph 113 omits material portions or context of the communications necessary to make the quoted portions not misleading, and therefore it is denied to that extent.

114. Respondent admits that the language quoted in Paragraph 114 of the Order was included in a communication involving Respondent. Respondent notes, however, that the quoted language in Paragraph 114 omits material portions or context of the communications necessary to make the quoted portions not misleading, and therefore it is denied to that extent.

115. Respondent denies that he was asked to leave the new broker-dealer. Respondent admits that the language quoted in Paragraph 115 of the Order was included in a communication involving Respondent. Respondent notes, however, that the quoted language in Paragraph 115 omits material portions or context of the communications necessary to make the quoted portions not misleading, and therefore it is denied to that extent.

116. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 116 of the Order and therefore denies those allegations.

117. Respondent denies that a registered representative explained to him that his activity violated Reg. SHO. Respondent admits that the language quoted in Paragraph 117 of the Order was included in a communication involving Respondent. Respondent notes, however, that the quoted language in Paragraph 117 omits material portions or context of the communications necessary to make the quoted portions not misleading, and therefore it is denied to that extent.

118. Respondent denies that the registered representative of Terra Nova told him that regulators were “concerned” about his trading activity. Respondent admits that the language quoted in Paragraph 118 of the Order was included in a communication involving Respondent. Respondent notes, however, that the quoted language in Paragraph 118 omits material portions or context of the communications necessary to make the quoted portions not misleading, and therefore it is denied to that extent.

119. Respondent admits that optionsXpress raised the price of buy-ins for Respondent. Respondent denies the remaining allegations in Paragraph 119 of the Order.

120. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 120 of the Order and therefore denies those allegations.

121. Respondent admits that the language quoted in Paragraph 121 of the Order was included in a communication involving Respondent. Respondent notes, however, that the quoted language in Paragraph 121 omits material portions or context of the communications necessary to make the quoted portions not misleading, and therefore it is denied to that extent.

122. Respondent admits that the language quoted in Paragraph 122 of the Order was included in a communication involving Respondent. Respondent notes, however, that the quoted language in Paragraph 122 omits material portions or context of the communications necessary to make the quoted portions not misleading, and therefore it is denied to that extent.

123. Respondent admits that the language quoted in Paragraph 123 of the Order was included in a communication involving Respondent. Respondent notes, however, that the quoted language in Paragraph 123 omits material portions or context of the communications necessary to make the quoted portions not misleading, and therefore it is denied to that extent. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the remaining allegations contained in Paragraph 123 of the Order and therefore denies those allegations.

124. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 124 of the Order and therefore denies those allegations.

125. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 125 of the Order and therefore denies those allegations.

126. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 126 of the Order and therefore denies those allegations.

127. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 127 of the Order and therefore denies those allegations.

128. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 128 of the Order and therefore denies those allegations.

129. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 129 of the Order and therefore denies those allegations.

130. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 130 of the Order and therefore denies those allegations.

131. Respondent denies the allegations in Paragraph 131 of the Order as they relate to him. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the remaining allegations contained in Paragraph 131 of the Order and therefore denies those allegations.

132. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 132 of the Order and therefore denies those allegations.

133. Respondent admits that optionsXpress informed him in January 2010 that its commission rates would remain the same. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the remaining allegations contained in Paragraph 133 of the Order and therefore denies those allegations.

134. Respondent admits that the language quoted in Paragraph 134 of the Order was included in a communication involving Respondent. Respondent notes, however, that the quoted

language in Paragraph 134 omits material portions or context of the communications necessary to make the quoted portions not misleading, and therefore it is denied to that extent.

135. Respondent admits that the language quoted in Paragraph 135 of the Order was included in a communication involving Respondent. Respondent notes, however, that the quoted language in Paragraph 135 omits material portions or context of the communications necessary to make the quoted portions not misleading, and therefore it is denied to that extent.

136. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 136 of the Order and therefore denies those allegations.

137. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 137 of the Order and therefore denies those allegations.

138. Respondent admits that the language quoted in Paragraph 138 of the Order was included in a communication involving Respondent. Respondent notes, however, that the quoted language in Paragraph 138 omits material portions or context of the communications necessary to make the quoted portions not misleading, and therefore it is denied to that extent.

139. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 139 of the Order and therefore denies those allegations.

140. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 140 of the Order and therefore denies those allegations.

141. Respondent denies the allegations in Paragraph 141 of the Order as they relate to him. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the remaining allegations contained in Paragraph 141 of the Order and therefore denies those allegations.

142. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 142 of the Order and therefore denies those allegations.

143. Respondent admits that the language quoted in Paragraph 143 of the Order was included in a communication involving Respondent. Respondent notes, however, that the quoted language in Paragraph 143 omits material portions or context of the communications necessary to make the quoted portions not misleading, and therefore it is denied to that extent. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the remaining allegations contained in Paragraph 143 of the Order and therefore denies those allegations.

144. Respondent admits that the language quoted in Paragraph 144 of the Order was included in a communication involving Respondent. Respondent notes, however, that the quoted language in Paragraph 144 omits material portions or context of the communications necessary to make the quoted portions not misleading, and therefore it is denied to that extent. Respondent denies the remaining allegations in Paragraph 144 of the Order.

145. Respondent admits that the language quoted in Paragraph 145 of the Order was included in a communication involving Respondent. Respondent notes, however, that the quoted language in Paragraph 145 omits material portions or context of the communications necessary to make the quoted portions not misleading, and therefore it is denied to that extent.

146. Respondent admits that the language quoted in Paragraph 146 of the Order was included in a communication involving Respondent. Respondent notes, however, that the quoted language in Paragraph 146 omits material portions or context of the communications necessary to make the quoted portions not misleading, and therefore it is denied to that extent. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the remaining allegations contained in Paragraph 146 of the Order and therefore denies those allegations.

147. Admitted.

148. Admitted.

149. Admitted.

150. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 150 of the Order and therefore denies those allegations.

151. Respondent admits that the language quoted in Paragraph 151 of the Order was included in a communication involving Respondent. Respondent notes, however, that the quoted language in Paragraph 151 omits material portions or context of the communications necessary to make the quoted portions not misleading, and therefore it is denied to that extent.

152. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 152 of the Order and therefore denies those allegations.

153. Respondent admits that the language quoted in Paragraph 153 of the Order was included in a communication involving Respondent. Respondent notes, however, that the quoted language in Paragraph 153 omits material portions or context of the communications necessary to make the quoted portions not misleading, and therefore it is denied to that extent.

154. Respondent admits that the language quoted in Paragraph 154 of the Order was included in a communication involving Respondent. Respondent notes, however, that the quoted language in Paragraph 154 omits material portions or context of the communications necessary to make the quoted portions not misleading, and therefore it is denied to that extent.

155. Respondent admits that the language quoted in Paragraph 155 of the Order was included in a communication involving Respondent. Respondent notes, however, that the quoted language in Paragraph 155 omits material portions or context of the communications necessary to make the quoted portions not misleading, and therefore it is denied to that extent. Respondent denies the remaining allegations in Paragraph 155 of the Order.

156. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 156 of the Order and therefore denies those allegations.

157. Denied.

158. Denied.

159. Respondent denies the allegations in Paragraph 159 of the Order as they relate to him. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the remaining allegations contained in Paragraph 159 of the Order and therefore denies those allegations.

160. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 160 of the Order and therefore denies those allegations.

161. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 160 of the Order and therefore denies those allegations.

E. Violations

162. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the allegations contained in Paragraph 162 of the Order and therefore denies those allegations.

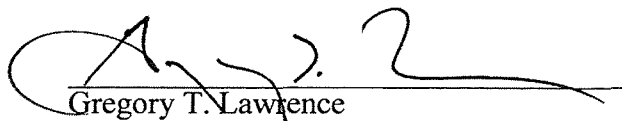
163. Denied.

164. Respondent denies the allegations in Paragraph 164 of the Order as they relate to his conduct or aiding and abetting alleged violations by him. Respondent does not have, and is unable to obtain, sufficient information to admit or deny the remaining allegations contained in Paragraph 164 of the Order and therefore denies those allegations.

165. Denied.

AFFIRMATIVE DEFENSE

The institution of proceedings against Respondent is unlawful under the Dodd-Frank Wall Street Reform and Consumer Protection Act because the Commission made a determination to file this action before the expiration of the period prescribed in 15 U.S.C.A. § 78d-5, but did not file the action until almost six months later.

A handwritten signature in black ink, appearing to read "Gregory T. Lawrence", is written over a horizontal line.

Gregory T. Lawrence

Daniel J. McCartin

Hannah Kon

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